Chapter 02 Hospitals, Infirmaries and Sanatoriums

- 100 Gross income received from the operation of a nursing home, hospital or similar institution is exempt from sales tax. Gross income from rental of tangible personal property or the operation of a drug store, cafeteria, gift shop or other business open to the public is subject to sales tax in the same manner as a similar independent business. Sales of non-prescription drugs and medicines or other property to out-patient or employees are likewise taxable at the regular retail sales tax rate. Sales of prescription drugs (legend drugs) and insulin are exempt from sales tax.
- Home health care agencies, hospices or similar institutions, which operate as a separate legal entity (whether profit or non-profit) and not as a division or department of the exempt entity, are not exempt, and cannot be covered under the exemption provided to an affiliated exempt corporation. These agencies are subject to tax on purchases that are used or consumed by the institutions in the regular course of their business. Items, for the patient use, that are rebilled to the patient by the institution, are also subject to sales tax. This sales tax should be computed on the price billed to patients and/or their insurance provider.
- Any department or division of an exempt entity, whether located on site or off-site, which performs services that are ordinary and necessary to the operation of the exempt entity, including but not limited to home health care, hospice, outpatient cancer, dialysis, cardiology, catheterization lab, diagnostic, lithotripsy, magnetic resonance imaging, rehabilitation, surgery, teleradiology, are exempt from sales tax.
- Any department or division of an exempt entity, whether located on site or off-site, which is not ordinary and necessary to the operation of the exempt entity, is not covered under the exemption granted and is subject to the tax on its purchases. This includes, but is not limited to, wellness centers, physician's offices, and clinics.
- Hospital, under Section 41-9-3, is defined not to include convalescent or boarding homes, children's homes, homes for the aged or other like establishments where room and board only are provided, nor does it include offices or clinics where patients are not regularly kept as bed patients.
- Infirmaries are defined as a facility where overnight care can be provided.
- Meals furnished or sold to employees of an institution are exempt where the eating facility is not open to the public or guest of the institution. Where eating facilities of an institution are open to the public, sales tax is due on the gross income, including sales of meals to employees and meals served to guests in patient's rooms.
- Institutions are consumers of products furnished to patients or used in services rendered. The amount subject to tax shall be the full price paid by the institution on all items, including meals, furnished by all for-profit hospitals, nursing homes, infirmaries or other

similar institutions. This amount includes any overhead charge, preparation charge or any other charge paid for the item, even if it is separately stated or separately billed.

- Gross receipts from the sale or rental of tangible personal property, and services rendered to institutions owned and operated by the Federal Government, or the State of Mississippi, its counties, cities and corporations or associations, whose earnings do not inure to the benefit of any individual, group or shareholder, are exempt from sales tax. This exemption as applied to non-profit institutions is limited to purchases for use in the ordinary and necessary operation of the institution. This exemption does not apply to contractors performing services subject to the contractor's tax.
- Sales and rentals to exempt institutions must be substantiated by sales invoices and other records. Sales and rentals to all other institutions are subject to the regular retail sales or use tax. From and after July 1, 1999, the portion of sales and rentals paid by Medicare and Medicaid are exempt from sales or use tax. From and after July 1, 2009, the entire sale or rental, when payment for such is made in part or in whole by Medicare or Medicaid, is exempt from sales or use tax.
- 110 (Reserved)

Chapter 02 Hospitals, Infirmaries and Sanatoriums

- 100 Gross income received from the operation of a nursing home, hospital or similar institution is exempt from sales tax. Gross income from rental of tangible personal property or the operation of a drug store, cafeteria, gift shop or other business open to the public is subject to sales tax in the same manner as a similar independent business. Sales of non-prescription drugs and medicines or other property to out-patient or employees are likewise taxable at the regular retail sales tax rate. Sales of prescription drugs (legend drugs) and insulin are exempt from sales tax.
- Home health care agencies, hospices or similar institutions, which operate as a separate legal entity (whether profit or non-profit) and not as a division or department of the exempt entity, are not exempt, and cannot be covered under the exemption provided to an affiliated exempt corporation. These agencies are subject to tax on purchases that are used or consumed by the institutions in the regular course of their business. Items, for the patient use, that are rebilled to the patient by the institution, are also subject to sales tax. This sales tax should be computed on the price billed to patients and/or their insurance provider.
- Any department or division of an exempt entity, whether located on site or off-site, which performs services that are ordinary and necessary to the operation of the exempt entity, including but not limited to home health care, hospice, outpatient cancer, dialysis, cardiology, catheterization lab, diagnostic, lithotripsy, magnetic resonance imaging, rehabilitation, surgery, teleradiology, are exempt from sales tax.
- Any department or division of an exempt entity, whether located on site or off-site, which is not ordinary and necessary to the operation of the exempt entity, is not covered under the exemption granted and is subject to the tax on its purchases. This includes, but is not limited to, wellness centers, physician's offices, and clinics.
- Hospital, under Section 41-9-3, is defined not to include convalescent or boarding homes, children's homes, homes for the aged or other like establishments where room and board only are provided, nor does it include offices or clinics where patients are not regularly kept as bed patients.
- 105 Infirmaries are defined as a facility where overnight care can be provided.
- Meals furnished or sold to employees of an institution are exempt where the eating facility is not open to the public or guest of the institution. Where eating facilities of an institution are open to the public, sales tax is due on the gross income, including sales of meals to employees and meals served to guests in patient's rooms.
- Institutions are consumers of products furnished to patients or used in services rendered. The amount subject to tax shall be the full price paid by the institution on all items, including meals, furnished by all for-profit hospitals, nursing homes, infirmaries or other

- similar institutions. This amount includes any overhead charge, preparation charge or any other charge paid for the item, even if it is separately stated or separately billed.
- 108 Gross receipts from the sale or rental of tangible personal property, and services rendered to institutions owned and operated by the Federal Government, or the State of Mississippi, its counties, cities and corporations or associations, whose earnings do not inure to the benefit of any individual, group or shareholder, are exempt from sales tax. This exemption as applied to non-profit institutions is limited to purchases for use in the ordinary and necessary operation of the institution. This exemption does not apply to contractors performing services subject to the contractor's tax.
- Sales and rentals to exempt institutions must be substantiated by sales invoices and other records. Sales and rentals to all other institutions are subject to the regular retail sales or use tax. Sales and rentals paid by Medicare or Medicaid are taxable at the regular retail sales or use tax rate through June 30, 1999. From and after July 1, 1999, the portion of sales and rentals paid by Medicare and Medicaid are exempt from sales or use tax. From and after July 1, 2009, the entire sale or rental, when payment for such is made in part or in whole by Medicare or Medicaid, is exempt from sales or use tax.
- 110 (Reserved)